

**PETROVIETNAM JOINT STOCK FINANCE CORPORATION**  
(Incorporated in the Socialist Republic of Vietnam)

**AUDITED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 18 MARCH 2008 TO 31 DECEMBER 2008**

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Hanoi – March 2009

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## **STATEMENT OF THE BOARD OF DIRECTORS**

The Board of Directors of Petrovietnam Joint Stock Finance Corporation (“the Corporation”) presents this report together with the Corporation’s audited financial statements for the period from 18 March 2008 to 31 December 2008.

### **THE BOARDS OF MANAGEMENT AND DIRECTORS**

The members of the Boards of Management and Directors of the Corporation who held office during the period and at the date of this report are as follows:

#### **Board of Management**

Mr. Nguyen Tien Dung	Chairman (assigned on 17/3/2008, resigned on 23/1/2009)
Mr. Nguyen Dinh Lam	Chairman (assigned on 23/1/2009)
Mr. Nguyen Xuan Son	Vice Chairman (assigned on 17/3/2008)
Mr. Tong Quoc Truong	Member (assigned on 17/3/2008)
Ms. Vu Thi Ngoc Lan	Member (assigned on 17/9/2008, resigned on 23/1/2009)
Mr. Nguyen Khuyen Nguon	Member (assigned on 23/1/2009)
Mr. Do Quang	Member (assigned on 17/3/2008)
Mr. Dinh Thai Ha	Member (assigned on 17/3/2008, resigned on 17/9/2008)

#### **Board of Directors**

Mr. Tong Quoc Truong	General Director (assigned on 18/3/2008)
Mr. Nguyen Dinh Lam	Deputy General Director (assigned on 18/3/2008, resigned on 23/1/2009)
Ms. Vu Thi Ngoc Lan	Deputy General Director (assigned on 18/3/2008, resigned on 31/12/2008)
Mr. Nguyen Khuyen Nguon	Deputy General Director (assigned on 18/3/2008, resigned on 23/1/2009)
Mr. Nguyen Thien Bao	Deputy General Director (assigned on 1/1/2009)
Mr. Nguyen Anh Tuan	Deputy General Director (assigned on 18/3/2008)
Mr. Doan Minh Man	Deputy General Director (assigned on 18/3/2008)
Mr. Pham Ngoc Lang	Deputy General Director (assigned on 18/3/2008)
Mr. Nguyen Quoc Khanh	Deputy General Director (assigned on 5/9/2008)

### **BOARD OF DIRECTORS’ STATEMENT OF RESPONSIBILITY**

The Board of Directors of the Corporation is responsible for preparing the financial statements of each period, which give a true and fair view of the financial position of the Corporation and of its results and cash flows for the period. In preparing those financial statements, the Board of Directors is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Corporation will continue in business; and
- Design and implement the internal control system effectively so as to minimize risk and fraud in preparing these financial statements.

**STATEMENT OF THE BOARD OF DIRECTORS (CONTINUED)**

The Board of Directors is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Corporation and to ensure that the financial statements comply with Vietnamese Accounting Standards, Vietnamese Accounting System applicable to credit institutions and comply with prevailing regulations of the State Bank of Vietnam. The Board of Directors is also responsible for safeguarding the assets of the Corporation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Directors confirms that the Corporation has complied with the above requirements in preparing the financial statements.

For and on behalf of the Board of Directors,

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**Tong Quoc Truong**  
**General Director**

*6 March 2009*

No.: /Deloitte-AUDHN-RE

## AUDITORS' REPORT

To: **The Boards of Management and Directors  
Petrovietnam Joint Stock Finance Corporation (PVFC)**

We have audited the accompanying balance sheet of Petrovietnam Joint Stock Finance Corporation ("the Corporation") as at 31 December 2008, and the related statements of income and cash flows for the period from 18 March 2008 to 31 December 2008. The accompanying financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

### **Respective Responsibilities of the Board of Directors and Auditors**

As stated in the Statement of the Board of Directors on pages 2 and 3, these financial statements are the responsibility of the Corporation's Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

### **Basis of Opinion**

We have conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

### **Opinion**

As stated in Note 4 "Long-term investments" of the Notes to the financial statements, when preparing the financial statements for the period from 18 March 2008 to 31 December 2008, the Corporation had directly obtained price offers from three securities companies as the basis for making evaluation of and provision for unlisted securities and other long-term investments. However, since there are other sources available on the market with reference prices different from those used by the Corporation, we do not express our opinion on the accuracy and adequacy of such provisions as well as their effect on the other items presented on the Corporation's financial statements for the period from 18 March 2008 to 31 December 2008.

In our opinion, except for the effect of the matter discussed in the preceding paragraph, the accompanying financial statements give a true and fair view of, in all material respects, the financial position of the Corporation as at 31 December 2008 and the results of its operations and its cash flows for the period from 18 March 2008 to 31 December 2008 in accordance with Vietnamese Accounting Standards, Vietnamese Accounting System applicable to credit institutions and prevailing regulations of the State Bank of Vietnam.

*We would like to draw readers' attention to the following:*

As presented in Note 35 of the Notes to the financial statements, this is the first accounting period of the Corporation in the form of a joint stock company. However, for readers' supplementary information, the Corporation used the comparative figures transferred from Petrovietnam Finance Company (state-owned company) to the Corporation (joint stock company) as at 17 March 2008 in accordance with Minutes of assets and capital transfer dated 6 June 2008 and the financial statements for enterprise transformation purpose as at 17 March 2008 prepared by the Corporation on 4 July 2008.

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**Truong Anh Hung**  
**Deputy General Director**  
CPA Certificate No. D.0029/KTV

***For and on behalf of***  
**DELOITTE VIETNAM COMPANY LIMITED**

6 March 2009  
Hanoi, S.R. Vietnam

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**Dang Van Khai**  
**Auditor**  
CPA Certificate No. 0758/KTV

**BALANCE SHEET**

As at 31 December 2008

FORM B02/TCTD

Unit: VND

NO.	ITEMS	Notes	31/12/2008	18/3/2008
<b>A</b>	<b>Assets</b>			
<b>I</b>	<b>Cash on hand</b>	<b>5</b>	<b>6,397,285,055</b>	<b>4,805,789,905</b>
<b>II</b>	<b>Balances with the State Bank of Vietnam</b>	<b>6</b>	<b>11,549,984,379</b>	<b>3,924,764,065</b>
<b>III</b>	<b>Balances due from other credit institutions</b>	<b>7</b>	<b>13,517,595,840,453</b>	<b>16,047,798,719,546</b>
1	Deposits in other credit institutions		12,977,758,340,453	15,788,756,219,546
2	Loans to other credit institutions		544,000,000,000	261,000,000,000
3	Provision for loan losses with other credit institutions		(4,162,500,000)	(1,957,500,000)
<b>IV</b>	<b>Trading securities</b>	<b>9</b>	<b>36,848,618,100</b>	<b>70,597,000,923</b>
1	Trading securities		114,933,061,815	109,708,605,056
2	Provisions for diminution in value of trading securities		(78,084,443,715)	(39,111,604,133)
<b>V</b>	<b>Derivatives and other financial assets</b>		<b>-</b>	<b>330,000,000</b>
<b>VI</b>	<b>Loans and advances to customers</b>	<b>8</b>	<b>17,208,744,406,027</b>	<b>12,896,046,648,912</b>
1	Loans		15,769,873,160,876	11,690,242,273,525
2	Advances		1,730,393,284,263	1,456,119,703,572
3	Provisions for loan losses		(291,522,039,112)	(250,315,328,185)
<b>VII</b>	<b>Investment securities</b>	<b>10</b>	<b>592,228,863,245</b>	<b>945,624,860,226</b>
1	Available-for-sale investment securities		281,194,079,915	243,870,293,926
2	Held-to-maturity investment securities		403,769,234,000	719,239,234,000
3	Provisions for diminution in value of investment securities		(92,734,450,670)	(17,484,667,700)
<b>VIII</b>	<b>Long-term investments</b>	<b>11</b>	<b>871,606,077,757</b>	<b>613,502,207,342</b>
1	Investments in joint-ventures		29,861,148,450	29,861,148,450
2	Investments in associates		361,948,372,161	336,341,752,566
3	Other long-term investments		511,914,819,313	324,065,798,493
4	Provisions for diminution in value of long-term investments		(32,118,262,167)	(76,766,492,167)
<b>IX</b>	<b>Fixed Assets</b>		<b>68,578,810,241</b>	<b>57,616,947,565</b>
1	Tangible fixed assets	12	49,117,063,644	38,511,578,858
<i>a</i>	<i>Cost</i>		83,971,414,531	60,337,463,520
<i>b</i>	<i>Accumulated depreciation</i>		(34,854,350,887)	(21,825,884,662)
2	Intangible fixed assets	13	19,461,746,597	19,105,368,707
<i>a</i>	<i>Cost</i>		20,478,909,367	20,031,191,367
<i>b</i>	<i>Accumulated amortization</i>		(1,017,162,770)	(925,822,660)
<b>X</b>	<b>Other assets</b>		<b>12,790,549,506,443</b>	<b>11,512,679,356,021</b>
1	Other receivables	14	13,044,710,222,247	11,002,530,797,698
2	Accrued interest receivables		474,081,910,795	600,537,357,316
3	Deffered tax assets	15	46,197,163,628	-
4	Other assets	16	796,317,106,814	457,490,394,390
5	Provisions for diminution in value of other assets	14	(1,570,756,897,041)	(547,879,193,383)
<b>TOTAL ASSETS</b>			<b>45,104,099,391,700</b>	<b>42,152,926,294,505</b>

These Notes set out from pages 10 to 28 are an integral part of the financial statements

**BALANCE SHEET (CONTINUED)**

As at 31 December 2008

FORM B02/TCTD

Unit: VND

NO.	ITEMS	Notes	31/12/2008	18/3/2008
<b>B</b>	<b>Liabilities and Owners' equity</b>			
<b>I</b>	<b>Balances due to other credit institutions</b>	<b>17</b>	<b>5,408,884,779,000</b>	<b>6,963,200,564,000</b>
1	Deposits from other credit institutions		2,168,084,779,000	5,555,100,564,000
2	Loans from other credit institutions		3,240,800,000,000	1,408,100,000,000
<b>II</b>	<b>Deposits from customers</b>	<b>18</b>	<b>209,266,984,288</b>	<b>130,168,043,709</b>
<b>III</b>	<b>Grants, trusted funds and borrowings</b>	<b>19</b>	<b>22,207,958,810,674</b>	<b>19,791,791,983,338</b>
<b>IV</b>	<b>Bonds issued</b>	<b>20</b>	<b>3,609,484,814,800</b>	<b>2,190,394,248,000</b>
<b>V</b>	<b>Other liabilities</b>	<b>21</b>	<b>7,562,637,707,698</b>	<b>7,018,242,403,536</b>
1	Accrued interest payables		448,596,096,669	643,204,407,661
2	Other liabilities		7,045,122,013,060	6,286,571,140,625
3	Other provisions		68,919,597,969	88,466,855,250
	<b>Total liabilities</b>		<b>38,998,233,096,460</b>	<b>36,093,797,242,583</b>
<b>VI</b>	<b>Owners' equity and funds</b>		<b>6,105,866,295,240</b>	<b>6,059,129,051,922</b>
1	Chartered capital		6,055,604,184,999	6,055,604,184,999
a	Chartered capital	22	5,000,000,000,000	5,000,000,000,000
b	Share premium	22	1,055,604,184,999	1,055,604,184,999
2	Other funds/ reserves		395,772,484	3,524,866,923
3	Retained earnings	22	49,866,337,757	-
	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>45,104,099,391,700</b>	<b>42,152,926,294,505</b>

**OFF-BALANCE SHEET ITEMS**

NO.	ITEMS	Notes	31/12/2008	18/3/2008
<b>I.</b>	<b>Contingent liabilities</b>		<b>993,683,157,239</b>	<b>973,660,931,188</b>
1	Loans guarantees		993,683,157,239	973,660,931,188
2	Other guarantees		-	-
<b>II.</b>	<b>Commitments</b>		<b>8,626,667,758,165</b>	<b>10,821,919,768,830</b>
1	Unused commitments on loans and others		8,626,667,758,165	10,821,919,768,830

**Tong Quoc Truong**  
General Director

**Trieu Tho Han**  
Chief Accountant

6 March 2009

These Notes set out from pages 10 to 28 are an integral part of the financial statements

**INCOME STATEMENT**

*For the period from 18 March 2008 to 31 December 2008*

**FORM B03/TCTD**

*Unit: VND*

NO. ITEMS	Notes	<u>From 18/3/2008 to 31/12/2008</u>
1 Interest and similar income	23	2,423,450,931,695
2 Interest and similar expenses	24	1,835,809,811,553
<b>I Net interest and similar income</b>		<b>587,641,120,142</b>
3 Income from services		25,737,301,609
4 Expenses on services		2,773,918,745
<b>II Net profit from services</b>	<b>25</b>	<b>22,963,382,864</b>
<b>III Net gain from foreign exchange activities</b>	<b>26</b>	<b>227,985,310,511</b>
<b>IV Net loss from trading securities</b>	<b>27</b>	<b>(1,063,580,040,828)</b>
5 Other operating income	28	753,528,978,603
6 Other operating expense		26,680,504,341
<b>V Net income from other activities</b>		<b>726,848,474,262</b>
<b>VI Dividends and share of profit of joint ventures, associates</b>		<b>261,138,817,782</b>
<b>VII Operating expenses</b>	<b>29</b>	<b>280,145,824,582</b>
<b>VIII Profit before tax and provision expenses</b>		<b>482,851,240,151</b>
<b>IX Provision expenses</b>		<b>479,182,066,022</b>
<b>X Profit before taxes</b>		<b>3,669,174,129</b>
7 Current tax expenses	30	-
8 Deffered tax expense	15	(46,197,163,628)
<b>XI Income tax expenses</b>		<b>(46,197,163,628)</b>
<b>XII Profit after tax</b>		<b>49,866,337,757</b>
<b>XIII Earnings per share</b>	<b>31</b>	<b>100</b>

**Tong Quoc Truong**  
General Director

6 March 2009

**Trieu Tho Han**  
Chief Accountant

**CASH FLOW STATEMENT**

*For the period from 18 March 2008 to 31 December 2008*

**FORM B04/TCTD**

*Unit: VND*

**From 18/3/2008 to**

**31/12/2008**

**NO. ITEMS**

**CASH FLOWS FROM OPERATING ACTIVITIES**

<b>01. Profit before tax</b>	<b>3,669,174,129</b>
Adjustments for:	
02. Depreciation and amortization of fixed assets	13,119,806,335
03. Provisions for credit risks, investment impairment	1,116,316,549,856
04. Accrued interest receivables	(2,423,450,931,695)
05. Accrued interest payables	1,835,809,811,553
06. (Gain) from investing activities	(261,138,817,782)
<b><i>Operating profit before movements in working capital</i></b>	<b>284,325,592,396</b>
<b><i>Movement of operating assets</i></b>	
07. (Increase) in deposits and loans to credit institutions	(196,843,213,493)
08. Decrease in trading securities	272,921,757,252
09. Decrease in derivative assets	330,000,000
10. (Increase) in loans to customers	(4,353,904,468,042)
11. Decrease in accrued interest receivables	2,549,906,378,216
12. (Increase) in other operating assets	(2,427,203,300,601)
<b><i>Movement of operating liabilities</i></b>	
13. (Decrease) in deposits and borrowings from credit institutions	(1,554,315,785,000)
14. Increase in deposits from customers	79,098,940,579
15. Increase in trusted funds	2,416,166,827,336
16. (Decrease) in accrued interest payables	(2,030,418,122,545)
17. Increase in other operating liabilities	830,342,493,976
18. Corporate income tax paid	(25,594,457,913)
19. Cash used from reserves	(3,129,094,439)
<b>I. Net cash (used in) operating activities before tax</b>	<b>(4,158,316,452,278)</b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

01. Acquisition of fixed assets and other long-term assets	(24,081,669,011)
02. Investments in other entities	(570,395,146,191)
03. Cash recovered from investments in other entities	356,939,505,776
04. Dividends received	261,138,817,782
<b>II. Net cash from investing activities</b>	<b>23,601,508,356</b>

**CASH FLOWS FROM FINANCING ACTIVITIES**

01. Proceeds from issuing long-term debts	1,419,090,566,800
<b>III. Net cash from financing activities</b>	<b>1,419,090,566,800</b>
<b>IV. Net (decrease) in cash and cash equivalents</b>	<b>(2,715,624,377,122)</b>
<b>V. Cash and cash equivalents at the beginning of the period</b>	<b>8,153,938,646,556</b>
<b>VI. Cash and cash equivalents at the end of the period</b>	<b>5,438,314,269,434</b>

*These Notes set out from pages 10 to 28 are an integral part of the financial statements*

**CASH FLOW STATEMENT (CONTINUED)**

*For the period from 18 March 2008 to 31 December 2008*

**Cash and cash equivalents**

	<u>31/12/2008</u>	<u>18/3/2008</u>
	VND	VND
Cash and cash equivalent on hand	6,397,285,055	4,805,789,905
Cash in the State Bank of Vietnam	11,549,984,379	3,924,764,065
Cash in other institutions (*)	5,420,367,000,000	8,145,208,092,586
	<u><u>5,438,314,269,434</u></u>	<u><u>8,153,938,646,556</u></u>

(\*) Cash at credit institutions are time and demand deposits in VND with terms of less than 3 months.

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**Tong Quoc Truong**  
General Director

6 March 2009

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**Trieu Tho Han**  
Chief Accountant

**NOTES TO THE FINANCIAL STATEMENTS**

*These Notes are an integral part and should be read in conjunction with the accompanying financial statements*

**1. GENERAL INFORMATION**

PetroVietnam Joint Stock Finance Corporation (“the Corporation” - “PVFC”) was initially known as PetroVietnam Finance Corporation - a wholly state owned subsidiary of PetroVietnam and was equitized under Decision No. 3002/QĐ-DKVN dated 22 August 2007 of PetroVietnam on “Approving the equitization plan to transfer PetroVietnam Finance Company into PetroVietnam Finance Corporation”. The Corporation has officially operated as a joint stock company since 18 March 2008 under Business Registration License No. 0103023045 dated 17 March 2008 issued by Hanoi Department of Planning and Investment and Registration License for operation No. 72/2008/GP-NHNN dated 17 March 2008 issued by the Governor of the State Bank of Vietnam. The Corporation’s charter capital is VND 5 billions.

The parent company is PetroVietnam, accounting for 78% of the Corporation’s chartered capital.

**Principal activities of the Corporation include:**

Capital mobilisation:

- To receive time deposits with term of more than one year from institutions and individuals in accordance with regulations by the State Bank of Vietnam;
- To issue bills, bonds, certificates of deposit and other negotiable papers to mobilize capital from local and overseas institutions and individuals in accordance with prevailing legal regulations;
- To borrow funds from local and overseas financial and credit institutions as well as from international financial institutions;
- To receive entrusted funds from the Government as well as local and overseas institutions and individuals;

Credit activities:

- To grant short, medium and long-term loans in accordance with the State Bank of Vietnam; To grant loans under the entrustment of the Government, local and overseas institutions and individuals in compliance with prevailing regulations under Law of Credit Institutions and entrustment contracts;
- To discount, rediscount and collateralize bills and other negotiable papers; to grant credit in the form of discount, collateral of bills, bonds and other negotiable papers for institutions and individuals;
- To act as guarantor, using its prestige and financial capability, for individuals and institutions; PVFC’s guarantee service must be performed in accordance with Clause 58, Clause 59, Clause 60 of Law of Credit Institutions and regulations by the State Bank of Vietnam;
- To grant credit in other forms in accordance with regulations by State Bank of Vietnam.

Opening account and treasury services:

*Opening account:*

- PVFC is permitted to open deposit account at the State Bank of Vietnam where its head office is located and in other banks operating in S.R.Vietnam. Opening deposit accounts at banks outside S.R.Vietnam must be permitted by the State Bank of Vietnam;
- PVFC must open its account at the State Bank of Vietnam and that account must maintain an average balance of no less than that regulated by the State Bank of Vietnam;

*Treasury services:*

PVFC is allowed to perform cash receipt and disbursement services for customers.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*These Notes are an integral part and should be read in conjunction with the accompanying financial statements*

**1. GENERAL INFORMATION (CONTINUED)**

Other activities:

- To contribute capital, buy shares of enterprises and other credit institutions;
- To invest in projects on contract basis;
- To join monetary market;
- To perform national currency exchange services with overseas and to execute gold trading;
- To act as agent for issuing bonds, bills and other negotiable papers for enterprises;
- To act as entrustee or agent in fields related to finance, banking, insurance and investment including assets and capital management for individuals and institutions on contract basis;
- To perform consultancy services on banking, finance, monetary, investment for customers;
- To perform safeguard services of valuables and negotiable papers, to lease safe, to receive collaterals and other services;
- To perform foreign currency services in accordance with prevailing regulations on foreign currency control;
- To perform factoring services as regulated by the State Bank of Vietnam;
- To perform other activities in compliance with the State Bank of Vietnam.

The number of employees as at 31 December 2008 was 1,189.

**2. ACCOUNTING CONVENTION AND ACCOUNTING PERIOD**

**Accounting convention**

The accompanying financial statements, expressed in Vietnam Dong (VND), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards and Vietnamese Accounting System applicable to credit institutions and prevailing regulations of the State Bank of Vietnam.

**Accounting period**

The Corporation's financial year begins on 1 January and ends on 31 December each year. These financial statements are prepared for the period from 18 March 2008 to 31 December 2008 since the Corporation was officially transformed from wholly state-owned company into joint-stock company on 18 March 2008.

**3. ADOPTION OF NEW ACCOUNTING STANDARDS AND REGULATIONS OF THE STATE BANK OF VIETNAM**

The application of new standards and new accounting regulations did not have a significant effect on the amounts reported in the financial statements for the current or prior periods of the Corporation.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies, which have been adopted by the Corporation in the preparation of these financial statements, are as follows:

**Estimates**

The preparation of financial statements in conformity with Vietnamese Accounting Standards and Vietnamese Accounting System applicable to credit institutions per the State Bank of Vietnam's regulations requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*These Notes are an integral part and should be read in conjunction with the accompanying financial statements*

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Trading securities and Investment securities**

Trading securities and investment securities include listed equity shares and debt securities issued by Government, other credit institutions and economic organizations. Securities held by the Corporation for the purpose of short-term profit making are classified as trading investments. Held-to-maturity assets are securities that the Corporation has the positive intention and ability to hold to maturity. Other securities investments are available-for-sale assets.

Trading securities and investment securities are stated at cost. Provision for diminution in value of listed securities is made in accordance with Circular No. 13/2006/TT-BTC dated 27 February 2006 by the Ministry of Finance. When market value recovers, unrealised gain from recovery is used to offset against but not exceeding the provision made. Any excessive amount shall not be recognised as income until such securities have been sold.

**Long-term investments**

Long-term investments include unlisted equity shares and long-term investments into projects which are stated at cost. Provision for the diminution in value of these investments is made in accordance with Circular No. 13/2006/TT-BTC dated 27 February 2006 upon the Corporation's assessment on possible impairment of such investments. Consequently, upon available indication of diminution in value of long-term investments, the Corporation collected price list directly from three securities companies named VNS Securities Company, Sacombank Securities Company and Petrovietnam Securities Joint Stock Company and other financial information of the investments at the reporting date; and evaluated the net value of assets of the investments relevant to capital contribution made by the Corporation into those investments. The Corporation also estimated and evaluated possible impairment up to the end of the financial year as a basis for making provisions for diminution in value of those investments. In case no information relating to such investments was available up to 31 December 2008, provisions were made based on the latest information available to the Corporation as at 31 December 2008.

According to the management's consideration and decision, the long-term investments made by the Corporation in the form of capital contribution as founding shareholders are not freely traded on the market. And pursuant to Circular No. 13/2006/TT-BTC dated 27 February 2006 by the Ministry of Finance, such investments are not required to be evaluated and made provision for by the Corporation.

The investments that the Corporation could not collect necessary financial information for assessment on possible impairment were recorded at cost.

In case reliable financial information on diminution in value of long-term investment as recorded at 31 December 2008 could be obtained after the reporting date, the Corporation will assess the materiality level and make proper accounting treatments according to prevailing accounting standards and policies.

**Re-purchase Agreements (REPO contracts)**

Re-purchase agreements (REPO contracts) represent the value of agreements purchased, committed to re-sell by the Corporation and those committed by customers to re-purchase at a fixed price at a given date in the future, which is recognized as other receivables on the balance sheet.

As at year end, the Corporation made assessment of the possibility to perform and recover the value of those REPO contracts.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*These Notes are an integral part and should be read in conjunction with the accompanying financial statements*

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Entrusting activities and entrusted funds**

The Corporation's entrusting activities include active trusts, discretionary trusts and profit-sharing trusts. Investment into trusted funds and trusted funds received are recognized upon signing of trust contracts by relevant parties and realization of trusted funds. Rights and obligations relating to profit, profit shares, trusted fees and other rights and obligations of the trustor and the trustee are as stated in the agreements.

**Loans to customers and interest income**

Loans are stated at their outstanding principal amounts less any written-offs and provision for loan losses.

Interest receivables are recognized on accrual basis with regards to loans whose both principal and interest can be settled on time and there is no specific provision needed pursuant to prevailing regulation. Interest receivables are recorded as income but when they fall due (both principal and interest) and debtors are unable to repay, they shall be recognized as operating expense and followed up as off-balance sheet items. As soon as these receivables are settled, they are charged to income statement.

Interest receivable of outstanding loans during the period are not charged to income but followed up as off-balance sheet items. When received, they are charged to operating income.

***Provision for loan losses, losses on guarantees***

A provision for loan losses, losses on guarantees and letter of credits is made based on management's estimate of loan losses, losses on guarantees in accordance with the guidance specified in the Decision No. 493/2005/QD-NHNN dated 22 April 2005 issued by the State Bank of Vietnam and Decision No. 18/2007/QD-NHNN dated 25 April 2007 by the State Bank of Vietnam Decision No. 18/2007/QD-NHNN dated 25 April 2007 by the State Bank of Vietnam amending and supplementing a number of articles of the Regulation on classification of debts, setting up, and use of provisions for offsetting credit risks in credit institutions' banking activities.

Specific provisions and advances as at year end are based on the following provision rates applied to loans as at 30 November 2008 after deducting value of revaluated collaterals as follows:

<b>Group</b>	<b>Status of loans</b>	<b>Provision rates</b>
1	Current loans	0%
2	Special mentioned loans	5%
3	Sub-standard loans	20%
4	Doubtful loans	50%
5	Loss	100%

General provision for loan losses, losses on guarantees is made at 0.75% of the Corporation's calculated net exposure. Net exposure is determined by adding the total amount of loans to customers (after deducting loans that have been fully provided for) with the total amount of guarantees as at the balance sheet date.

The provision for loan losses, losses on guarantees is charged to the income statement which comprises debts written off during the period, recoveries on amounts written off in prior periods, and provision expenses in the current period.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*These Notes are an integral part and should be read in conjunction with the accompanying financial statements*

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Tangible fixed assets and depreciation***

Tangible fixed assets are stated at cost less accumulated depreciation. The cost of purchased tangible fixed assets comprises its purchase price and any directly attributable costs of bringing the assets to its working condition and location for its intended use. Expenditure incurred after the tangible fixed assets have been put into operation such as repairs, maintenance and overhaul costs is charged to income statement as incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of tangible fixed assets beyond its originally assessed standard of performance, the expenditure is capitalized as an additional cost of tangible fixed assets.

Tangible fixed assets are depreciated using the straight-line method over the following estimated useful lives, as follows:

<b>Assets</b>	<b>Estimated useful lives</b>
Office equipment	3 - 8 years
Motor, vehicles	10 years
Other assets	3 years

**Intangible fixed asset and amortization**

Intangible fixed assets comprise of land use rights and computer software which are recorded at cost less accumulated amortization. Land use rights with indefinite term are not amortized, computer software is amortized using the straight-line method over the period of 5 years.

**Off-balance sheet financial commitments and guarantees**

During the course of business, at any time, the Corporation has outstanding credit commitments. These commitments are in the form of approved loans and overdraft facilities. The Corporation also provides financial guarantee services in the form of performance guarantee the performance of customers to third parties. These transactions are recorded to financial statements when incurred or when related expenditures are incurred or received.

**Monetary derivative instruments**

The Corporation made foreign currency forward transactions. Foreign currency forward contracts are separated commitments of the Corporation in buying foreign currency or Vietnam dong, including unrealized spot transactions. The difference in exchange rate between rate of spot transactions and rate as per forward contracts is recognized as unrealized income and charged to income statement over the period stipulated in contracts. As at the balance sheet date, forward contracts are revaluated based on actual exchange rate and the difference is recognized as other assets or other payables on the balance sheet.

**Foreign currencies**

Transactions arising in currencies other than VND are translated at the exchange rates ruling at the transaction date. Foreign exchange differences arising from these transactions are dealt with in the income statement.

Monetary assets and liabilities denominated in such currencies are retranslated at the rates of exchange prevailing on the balance sheet date. Exchange differences arising from the translation of these accounts are dealt with in the income statement.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*These Notes are an integral part and should be read in conjunction with the accompanying financial statements*

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Operating lease**

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rental charges applicable to such operating leases are charged to income statement as incurred over the lease term.

**Revenue**

Revenue is recorded in income statement on accrual basis.

**Borrowing costs**

Borrowing costs are recognised during the year when incurred and recorded in income statement on accrual basis.

**Related parties**

Related parties include the parent company, related parties of parent company and its associates.

**Taxation**

The charge for current tax is based on the results for the year as adjusted for items, which are deemed non-deductible or disallowed as legitimate expenses including losses carried forward, if any. It is calculated using the current rate of 28% of assessable income as at the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Corporation intends to settle its current tax assets and liabilities on a net basis.

The determination of corporate income tax due and deferred tax is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and its ultimate determination depends on the results of tax authorities' examination.

Other taxes are paid in accordance with the prevailing tax laws in Vietnam.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*These Notes are an integral part and should be read in conjunction with the accompanying financial statements*

**5. CASH ON HAND**

	<u>31/12/2008</u>	<u>18/3/2008</u>
	VND	VND
Cash in VND	5,622,613,510	4,033,663,552
Cash in foreign currencies	774,671,545	772,126,353
	<u><b>6,397,285,055</b></u>	<u><b>4,805,789,905</b></u>

**6. DEPOSITS AT THE STATE BANK OF VIETNAM**

Cash at the State Bank of Vietnam consists of compulsory reserves for deposits and current accounts. Pursuant to regulations by the State Bank of Vietnam on compulsory reserve, part of the bank's compulsory reserve can be floating balance.

Pursuant to Decision No. 2951/QD-NHNN dated 3 December 2008, the compulsory reserve ratio for deposits in VND applicable to credit institutions are as follows:

- 6% (17 March 2008: 11%) of the preceding month's average balances of deposits in VND with indefinite term or terms of less than 12 months;
- 2% (17 March 2008: 5%) of the preceding month's average balances of deposits in VND with terms from 12 months and above;

The compulsory reserve ratio for deposits in foreign currencies applicable to credit institutions are as follows:

- 7% (17 March 2008: 11%) of the preceding month's average balances of deposits in foreign currency with indefinite term or terms of less than 12 months;
- 3% (17 March 2008: 5%) of the preceding month's average balances of deposits in foreign currency with terms from 12 months and above;

	<u>31/12/2008</u>	<u>18/3/2008</u>
	VND	VND
Current account at the State Bank of Vietnam	11,549,984,379	3,924,764,065
	<u><b>11,549,984,379</b></u>	<u><b>3,924,764,065</b></u>

**7. BALANCES DUE FROM CREDIT INSTITUTIONS**

	<u>31/12/2008</u>	<u>18/3/2008</u>
	VND	VND
<b>Deposits in cash at credit institutions</b>		
Demand deposits	2,141,155,192,894	223,932,092,586
- In VND	2,000,815,683,733	179,696,473,700
- In foreign currencies	140,339,509,161	44,235,618,886
Term deposits	10,836,603,147,559	15,564,824,126,960
- In VND	7,571,926,047,559	10,889,260,649,060
- In foreign currencies	3,264,677,100,000	4,675,563,477,900
<b>Total</b>	<u><b>12,977,758,340,453</b></u>	<u><b>15,788,756,219,546</b></u>
<b>Loans to credit institutions</b>		
Loans in VND	544,000,000,000	261,000,000,000
Provisions for loan losses	(4,162,500,000)	(1,957,500,000)
	<u><b>539,837,500,000</b></u>	<u><b>259,042,500,000</b></u>
	<u><b>13,517,595,840,453</b></u>	<u><b>16,047,798,719,546</b></u>

**PETROVIETNAM JOINT STOCK FINANCE CORPORATION**72 Tran Hung Dao Street - Hoan Kiem District  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***These Notes are an integral part and should be read in conjunction with the accompanying financial statements***8. LOANS AND ADVANCES****a. LOANS**

	<b>31/12/2008</b>	<b>18/3/2008</b>
	<b>VND</b>	<b>VND</b>
Loans to local economic organizations and individuals	13,937,597,368,264	11,605,681,123,657
Discounted commercial bills and other valuable papers	71,166,782,855	18,781,689,723
Loans from grants, trusted funds	1,761,109,009,757	65,779,460,145
	<b>15,769,873,160,876</b>	<b>11,690,242,273,525</b>

**Loan quality**

	<b>31/12/2008</b>	<b>18/3/2008</b>
	<b>VND</b>	<b>VND</b>
Current loans	14,580,508,286,321	10,743,057,563,499
Special-mentioned loans	751,185,289,653	105,439,791,493
Sub-standard loans	159,996,176,989	474,943,902,327
Doubtful loans	60,450,704,010	326,779,874,251
Loss	217,732,703,903	40,021,141,955
	<b>15,769,873,160,876</b>	<b>11,690,242,273,525</b>

**Loan balance by term**

	<b>31/12/2008</b>	<b>18/3/2008</b>
	<b>VND</b>	<b>VND</b>
Short-term loans	5,396,573,543,631	5,041,016,540,083
Medium-term loans	2,846,889,991,911	2,379,604,938,152
Long-term loans	7,526,409,625,334	4,269,620,795,290
	<b>15,769,873,160,876</b>	<b>11,690,242,273,525</b>

Short-term, medium-term and long-term loans have initial terms of less than 1 year, from 1 year to 5 years and more than 5 years, respectively.

**Loan balance by currency unit**

	<b>31/12/2008</b>	<b>18/3/2008</b>
	<b>VND</b>	<b>VND</b>
Loans in VND	9,071,910,383,081	7,216,225,392,588
Loans in foreign currencies, gold	6,697,962,777,795	4,474,016,880,937
	<b>15,769,873,160,876</b>	<b>11,690,242,273,525</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*These Notes are an integral part and should be read in conjunction with the accompanying financial statements*

**8. LOANS AND ADVANCES (CONTINUED)**

**b. ADVANCES**

	<u>31/12/2008</u>	<u>18/3/2008</u>
	VND	VND
Advance for entrusted investments	1,525,125,387,966	1,302,748,273,096
Advance to mandator of selling shares	205,267,896,297	153,371,430,476
	<u><b>1,730,393,284,263</b></u>	<u><b>1,456,119,703,572</b></u>

Advances represent the deferred payment of investments using entrusted funds under entrusted investment contracts and advance to madator for selling shares under purchasing contracts and authorisation contracts of re-selling shares.

As at 31 December 2008, there are overdue Repo contracts with the amount of VND 205,267,896,297 from 19 October 2008 and market value of the underlying securites is lower than the purchasing costs. However, the Board of Directors believes that the amount would be fully recovered in the near future. Accordingly, the Corporation did not make provision for these repos as at 31 December 2008.

**c. PROVISIONS FOR LOAN LOSSES**

	<u>General provisions</u>	<u>Specific provions</u>
	VND	VND
<b>Openning period</b>	<b>104,536,137,814</b>	<b>145,779,190,371</b>
Additions	53,366,682,770	400,018,990,018
Reversal of provisions for credit losses	(36,250,155,493)	(365,554,156,566)
Utilisation of provisions	(3,884,403,131)	(6,490,246,671)
<b>Closing period</b>	<u><b>117,768,261,960</b></u>	<u><b>173,753,777,152</b></u>

As at 31/12/2008, the Corporation made general provision of 0.75% of the total outstanding loans that are classified from Group 1 to Group 4 as at 30 November 2008 and 0.75% of outstanding letters of guarantee, letters of credit and irrevocable loan commitments as at 30 November 2008.

**9. TRADING SECURITIES**

	<u>31/12/2008</u>	<u>18/3/2008</u>
	VND	VND
<b>Equity securities</b>		
- Equity securities issued by other local credit institutions	33,915,758,764	24,911,759,292
- Equity securities issued by local economic organizations	81,017,303,051	84,796,845,764
Provision for diminution in value of trading securities	(78,084,443,715)	(39,111,604,133)
	<u><b>36,848,618,100</b></u>	<u><b>70,597,000,923</b></u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*These Notes are an integral part and should be read in conjunction with the accompanying financial statements*

**10. INVESTMENT SECURITIES**

	<u>31/12/2008</u>	<u>18/3/2008</u>
	VND	VND
<b>Available-for-sale investment securities</b>		
Debt securities		
- Debt securities issued by local credit institutions	100,107,000,000	100,000,000,000
- Debt securities issued by local economic organizations	1,185,600,000	1,442,600,000
Equity securities		
- Equity securities issued by local economic organizations	179,901,479,915	142,427,693,926
	<u>281,194,079,915</u>	<u>243,870,293,926</u>
Provisions for diminution in value of available-for-sale investment securities	(92,734,450,670)	(17,484,667,700)
	<u>188,459,629,245</u>	<u>226,385,626,226</u>
<b>Held-to-maturity investment securities</b>		
- Government bonds	232,645,034,000	260,645,034,000
- Debt securities issued by other local credit institutions	80,600,000,000	128,070,000,000
- Debt securities issued by local economic organizations	90,524,200,000	330,524,200,000
Provisions for diminution in value of held-to-maturity investment securities	-	-
	<u>403,769,234,000</u>	<u>719,239,234,000</u>

**11. LONG-TERM INVESTMENTS**

	<u>31/12/2008</u>	<u>18/3/2008</u>
	VND	VND
Investments in joint-ventures	29,861,148,450	29,861,148,450
Investments in associates	361,948,372,161	336,341,752,566
Other long-term investments	511,914,819,313	324,065,798,493
Provisions for diminution in value of long-term	(32,118,262,167)	(76,766,492,167)
	<u>871,606,077,757</u>	<u>613,502,207,342</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*These Notes are an integral part and should be read in conjunction with the accompanying financial statements*

**12. TANGIBLE FIXED ASSETS**

	Office equipments	Motor, vehicles	Others	Total
	VND	VND	VND	VND
<b>Cost</b>				
As at 18/3/2008	13,357,297,100	34,614,806,324	12,365,360,096	60,337,463,520
Increase	10,862,422,930	12,870,771,225	15,000,000	23,748,194,155
Decrease	-	114,243,144	-	114,243,144
<b>As at 31/12/2008</b>	<b><u>24,219,720,030</u></b>	<b><u>47,371,334,405</u></b>	<b><u>12,380,360,096</u></b>	<b><u>83,971,414,531</u></b>
<b>Accumulated depreciation</b>				
As at 18/3/2008	3,058,367,864	10,322,395,639	8,445,121,159	21,825,884,662
Increase	1,802,918,529	7,852,168,614	3,452,925,118	13,108,012,261
Decrease	623,750	78,922,286	-	79,546,036
<b>As at 31/12/2008</b>	<b><u>4,860,662,643</u></b>	<b><u>18,095,641,967</u></b>	<b><u>11,898,046,277</u></b>	<b><u>34,854,350,887</u></b>
<b>Net book value</b>				
As at 18/3/2008	<u>10,298,929,236</u>	<u>24,292,410,685</u>	<u>3,920,238,937</u>	<u>38,511,578,858</u>
As at 31/12/2008	<b><u>19,359,057,387</u></b>	<b><u>29,275,692,438</u></b>	<b><u>482,313,819</u></b>	<b><u>49,117,063,644</u></b>

**13. INTANGIBLE FIXED ASSETS**

	Land-use rights	Softwares	Total
	VND	VND	VND
<b>Cost</b>			
As at 18/3/2008	19,029,648,600	1,001,542,767	20,031,191,367
Increase	-	447,718,000	447,718,000
<b>As at 31/12/2008</b>	<b><u>19,029,648,600</u></b>	<b><u>1,449,260,767</u></b>	<b><u>20,478,909,367</u></b>
<b>Accumulated depreciation</b>			
As at 18/3/2008	-	925,822,660	925,822,660
Increase	-	91,340,110	91,340,110
<b>As at 31/12/2008</b>	<b><u>-</u></b>	<b><u>1,017,162,770</u></b>	<b><u>1,017,162,770</u></b>
<b>Net book value</b>			
As at 18/3/2008	<u>19,029,648,600</u>	<u>75,720,107</u>	<u>19,105,368,707</u>
As at 31/12/2008	<b><u>19,029,648,600</u></b>	<b><u>432,097,997</u></b>	<b><u>19,461,746,597</u></b>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*These Notes are an integral part and should be read in conjunction with the accompanying financial statements*

**14. OTHER RECEIVABLES**

	<b>31/12/2008</b>	<b>18/3/2008</b>
	<b>VND</b>	<b>VND</b>
Construction in progress	11,756,728,298	5,412,928,113
External receivables	12,977,576,761,761	10,979,854,485,610
Internal receivables	55,376,732,188	17,263,383,975
	<b><u>13,044,710,222,247</u></b>	<b><u>11,002,530,797,698</u></b>

**Details of external receivables:**

	<b>31/12/2008</b>	<b>18/3/2008</b>
	<b>VND</b>	<b>VND</b>
Deposits, pledges	8,513,419,073	8,342,172,953
Repo agreements (i)	522,919,477,624	2,348,099,624,287
Accrued interest on repo agreements	17,064,693,536	62,080,744,387
Loans using entrusted funds from other institutions	2,518,185,125,302	831,810,873,363
Accrued interest on loans using entrusted funds	41,634,942,095	26,641,813,063
Non-risk investments using entrusted funds (ii)	2,375,386,969,024	2,376,627,056,957
Risk investments using entrusted funds (iii)	6,857,866,706,776	5,236,856,260,520
Others	636,005,428,331	89,395,940,080
	<b><u>12,977,576,761,761</u></b>	<b><u>10,979,854,485,610</u></b>

- (i) Securities purchased under Repo agreements represent securities that PVFC has acquired up to 31 December 2008 and committed to resell to the sellers within a fixed period mentioned in the contracts. During the term of the contracts, the Corporation enjoys the difference between the future re-selling price and the purchase price.
- (ii) Non-risk investments are made by trusted funds from individuals and organizations (equivalent to the non-risk trusted funds mentioned in Note 21). The Corporation does not expose any risks of itself to this trusted amount. As soon as the trusted term ends, the Corporation shall transfer the ownership to investors.
- (iii) Risk entrusted investments from organizations were used active with fixed interest rates. The Corporation has to bear all risks for such investments and it has made provisions accordingly. The categories of these investments are as follows:

	<b>31/12/2008</b>	<b>18/3/2008</b>
	<b>VND</b>	<b>VND</b>
Available-for-sale securities	3,607,092,868,202	2,390,387,630,825
Other long-term investments	2,942,952,313,660	2,835,958,439,205
Investments in associates	307,821,524,914	10,510,190,490
	<b><u>6,857,866,706,776</u></b>	<b><u>5,236,856,260,520</u></b>

**Provisions for diminution in value of these investments:**

	<b>31/12/2008</b>	<b>18/3/2008</b>
	<b>VND</b>	<b>VND</b>
Provisions for diminution in value of available-for-sale investment securities	(987,039,172,314)	(254,176,788,998)
Provisions for diminution in value of long-term	(583,717,724,727)	(293,702,404,385)
Provisions for diminution in value of investments in	-	-
	<b><u>(1,570,756,897,041)</u></b>	<b><u>(547,879,193,383)</u></b>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***These Notes are an integral part and should be read in conjunction with the accompanying financial statements***15. DEFERRED TAX ASSETS**

At the balance sheet date, the Corporation has unused tax loss of VND 184,788,654,512 available for offset against future profits. A deferred tax asset has been recognized in respect of VND 46,197,163,628 out of these losses. Management believes that the tax loss can be utilised to offset against taxable profit in the next five years.

**16. OTHER ASSETS**

	<u>31/12/2008</u>	<u>18/3/2008</u>
	VND	VND
Trusted loans, investments	786,674,322,189	410,732,000,000
Prepaid expenses	9,642,784,625	46,758,394,390
	<u><b>796,317,106,814</b></u>	<u><b>457,490,394,390</b></u>

**17. BALANCE DUE TO OTHER CREDIT INSTITUTIONS**

	<u>31/12/2008</u>	<u>18/3/2008</u>
	VND	VND
<b>Term deposits</b>		
- In VND	1,084,952,179,000	5,475,000,564,000
- In foreign currencies	1,083,132,600,000	80,100,000,000
	<u><b>2,168,084,779,000</b></u>	<u><b>5,555,100,564,000</b></u>
<b>Borrowings</b>		
- In VND	3,240,800,000,000	1,408,100,000,000
	<u><b>3,240,800,000,000</b></u>	<u><b>1,408,100,000,000</b></u>
	<u><b>5,408,884,779,000</b></u>	<u><b>6,963,200,564,000</b></u>

**18. DEPOSITS FROM CUSTOMERS**

	<u>31/12/2008</u>	<u>18/3/2008</u>
	VND	VND
<b>Term deposits</b>	<b>171,110,049,542</b>	<b>35,673,105,934</b>
- In VND	65,285,371,745	878,324,676
- In USD	105,824,677,797	34,794,781,258
<b>Margin deposits</b>	<b>38,156,934,746</b>	<b>94,494,937,775</b>
	<u><b>209,266,984,288</b></u>	<u><b>130,168,043,709</b></u>

**19. GRANTED, TRUSTED FUNDS AND BORROWINGS**

	<u>31/12/2008</u>	<u>18/3/2008</u>
	VND	VND
In VND	16,253,330,731,877	14,916,908,821,441
In foreign currencies	5,954,628,078,797	4,874,883,161,897
	<u><b>22,207,958,810,674</b></u>	<u><b>19,791,791,983,338</b></u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*These Notes are an integral part and should be read in conjunction with the accompanying financial statements*

**19. GRANTED, TRUSTED FUNDS AND BORROWINGS (Continued)**

**Details:**

	<u>31/12/2008</u>	<u>18/3/2008</u>
	VND	VND
Entrusted capital management	10,424,683,826,543	8,344,627,191,438
<i>Including: Trusted funds from Petrovietnam (1)</i>	<i>728,364,231,000</i>	<i>276,601,320,000</i>
Specific-purpose trusted funds	11,783,274,984,131	11,447,164,791,900
<i>Including: Trusted funds from Petrovietnam (2)</i>	<i>11,163,974,984,131</i>	<i>10,664,264,791,900</i>
	<b><u>22,207,958,810,674</u></b>	<b><u>19,791,791,983,338</u></b>

(1) As at 5 March 2008, the Corporation entered into Contract No.1507/HDKT-DKVN with Petrovietnam Group for entrustment of "Reserves for oil site restoration". Accordingly, PVFC will receive cash reserved from oil operating contracts signed between Petrovietnam and contractors. The entrusted fund bears interest at USD 12-month saving interest stipulated by the assigned bank (Vietcombank) plus 0.75% p.a.

(2) Trusted funds from Petrovietnam Group include:

- A fund for VND 5,863,974,984,131 with three-year term for profit-making purpose under the principle of profit-making, effective use and preservation of the funds under Contract No. 4026/HD-DKVN dated 22 November 2008 and its appendices, bearing annual fixed interest rate.
- A fund for VND 2,000,000,000,000 for the term from 2 April to 31 December 2008, and VND 2,300,000,000,000 from 12 November 2008 to 2 April 2009 bearing annual fixed interest rate for profit-making purpose under the principle of profit-making, effective use and preservation of the funds under Contract No.02/2855/HD-DKVN dated 2 April 2008 and its appendices.
- A fund for VND 1,000,000,000,000 for a term from 16 January 2008 to 16 June 2009, bearing annual fixed interest rate under Contract No. 5013/HD-DKVN dated 16 January 2008.

**20. BONDS ISSUED**

	<u>31/12/2008</u>	<u>18/3/2008</u>
	VND	VND
In VND	2,334,301,600,000	1,868,193,600,000
In foreign currencies	1,275,183,214,800	322,200,648,000
	<b><u>3,609,484,814,800</u></b>	<b><u>2,190,394,248,000</u></b>

During the period, the Corporation received bonds which had been issued by Petrovietnam Finance Company (state-owned company) 2 times:

Petrovietnam bonds in VND and USD issued in 2006 with three-year term (from 19 June 2006 to 19 June 2009), bearing interest at the 12-month saving interest plus 0.6% p.a applicable to bonds in VND and plus 0.5% p.a applicable to bonds in USD. The underwriter is Petrovietnam.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*These Notes are an integral part and should be read in conjunction with the accompanying financial statements*

**20. BONDS ISSUED (CONTINUED)**

VND 1,500 billion issued in 2007 with five-year term at fixed interest rate of 8.6% p.a.

For the period, the Corporation issued bonds with 3-year term in the amounts of VND 466.1 billion and USD 55 million, bearing interest for the first year (from 01 October 2008 to 30 September 2009) at 17.5% p.a and 6.2% p.a, respectively.

**21. OTHER LIABILITIES**

	<u>31/12/2008</u>	<u>18/3/2008</u>
	VND	VND
Accrued interest, fees payable	448,596,096,669	643,204,407,661
Internal payables	1,866,158,097,398	3,005,048,001,341
External payables	5,178,455,718,447	3,281,523,139,284
Other liabilities	508,197,215	-
Provisions for unused commitments	68,919,597,969	88,466,855,250
	<u><b>7,562,637,707,698</b></u>	<u><b>7,018,242,403,536</b></u>

**Internal payables are detailed as following:**

	<u>31/12/2008</u>	<u>18/3/2008</u>
	VND	VND
Payables to employees	21,754,319,659	13,460,781,272
Payables to PetroVietnam Group (*)	1,844,293,469,631	2,991,528,413,593
Others	110,308,108	58,806,476
	<u><b>1,866,158,097,398</b></u>	<u><b>3,005,048,001,341</b></u>

(\*) This represents the entrusted funds from Petrovietnam to lend the specific organisations indicated in entrustment contracts. The related loans are represented as "Loans and Advances" on the Balance sheet.

**External payables are detailed as following:**

	<u>31/12/2008</u>	<u>18/3/2008</u>
	VND	VND
Trusted funds for non-risk investments	2,375,185,577,461	2,376,627,056,957
Trusted funds for non-risk loans	2,518,185,125,302	831,810,873,363
risk loans	46,429,957,547	26,438,554,736
Tax payables	20,589,287,142	-
Others	218,065,770,995	46,646,654,228
	<u><b>5,178,455,718,447</b></u>	<u><b>3,281,523,139,284</b></u>

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On 17 March 2008, Hanoi Department of Planning and Investment issued Investment License No.0103023045 and on the same date, the State Bank of Vietnam issued Decision No. 541/QD-NHNN approving the Corporation's chartered capital of VND 5,000 billion.

	<b>Chartered capital</b>	<b>Share premium</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
18/3/2008	5,000,000,000,000	1,055,604,184,999	-	6,055,604,184,999
Additions	-	-	49,866,337,757	49,866,337,757
Decrease	-	-	-	-
<b>31/12/2008</b>	<b>5,000,000,000,000</b>	<b>1,055,604,184,999</b>	<b>49,866,337,757</b>	<b>6,105,470,522,756</b>

The proportion of chartered capital contribution by the shareholders was as follows:

	<b>Contributed capital</b>	<b>%</b>
	<b>VND</b>	
Petrovietnam Oil and Gas Group	3,900,000,000,000	78%
Morgan Stanley International Holding Inc.	500,000,000,000	10%
Others	600,000,000,000	12%
	<b>5,000,000,000,000</b>	<b>100%</b>

The number of shares registered and issued to the public by the Corporation as at 31 December 2008 is 500,000,000 with the face value of VND 10,000 per share.

**23. INTEREST AND SIMILAR INCOME**

	<b>From 18/3/2008 to 31/12/2008</b>
	<b>VND</b>
Interest from deposits	845,516,398,838
Interest from loans to customers	1,456,522,429,715
Interest from debt securities	57,187,776,732
Other income from credit activities	64,224,326,410
	<b>2,423,450,931,695</b>

**24. INTEREST AND SIMILAR EXPENSES**

	<b>From 18/3/2008 to 31/12/2008</b>
	<b>VND</b>
Interest expense on deposits	1,236,439,475,856
Interest expense on borrowings	344,509,001,295
Interest expense on bonds issued	179,266,753,819
Expense on other credit activities	75,594,580,583
	<b>1,835,809,811,553</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*These Notes are an integral part and should be read in conjunction with the accompanying financial statements*

**25. NET PROFIT FROM SERVICES**

	<b>From 18/3/2008 to 31/12/2008</b>
	<b>VND</b>
Income from guarantee services	8,261,375,876
Income from entrustment services	10,106,897,790
Income from consulting services	5,302,963,757
Others	2,066,064,186
<b>Income from services</b>	<b>25,737,301,609</b>
Payment services fees	1,186,202,907
Expense on entrustment and agency services	1,155,992,530
Expense on consulting services	431,723,308
<b>Expense on services</b>	<b>2,773,918,745</b>
<b>Net profit from services</b>	<b>22,963,382,864</b>

**26. NET GAIN FROM FOREIGN EXCHANGE ACTIVITIES**

	<b>From 18/3/2008 to 31/12/2008</b>
	<b>VND</b>
<b>Gain from foreign exchange trading</b>	<b>241,647,800,938</b>
- Gain of spot contract trading	178,838,286,894
- Gain of monetary derivative instruments	5,635,934,895
- Gain from exchange rate difference	57,173,579,149
<b>Loss on foreign exchange trading</b>	<b>13,662,490,427</b>
- Loss on spot contract trading	287,666,260
- Loss on monetary derivative instruments	13,374,824,167
<b>Net gain from foreign exchange trading</b>	<b>227,985,310,511</b>

**27. NET LOSS FROM SECURITIES TRADING**

	<b>Từ 18/3/2008 đến 31/12/2008</b>
	<b>VND</b>
Gain from securities trading	40,546,405,926
Loss on securities trading	(8,890,797,325)
Provisions for diminution in value of securities	(1,095,235,649,429)
<b>Net loss from securities trading</b>	<b>(1,063,580,040,828)</b>

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Income from repos and interest from deferred payment	259,830,785,885
Income from entrusted investments	41,294,121,311
Reversal of provisions for credit losses	444,942,962,574
Reversal of provisions for diminution in value of investments	2,783,553,219
Other income	4,677,555,614
	<b>753,528,978,603</b>

**29. OPERATING EXPENSES****From 18/3/2008****to 31/12/2008****VND**

Tax and legal fees	17,971,415,038
Payroll expense	137,272,032,827
Depreciation expense	49,669,903,403
Other administration expenses	75,227,407,314
Insurance premium deposit	5,066,000
	<b>280,145,824,582</b>

**30. CORPORATE INCOME TAX EXPENSES****From 18/3/2008****to 31/12/2008****VND**

<b>Profit before tax</b>	<b>3,669,174,129</b>
<b>Adjustments for:</b>	
- Non-taxable income (*)	188,457,828,641
- Non-deductible income	-
<b>Taxable profit</b>	<b>(184,788,654,512)</b>
Corporate income tax rate	28%
<b>Current corporate income tax</b>	<b>-</b>

(\*) Non-taxable income consists of dividends receipt from investments in joint-ventures, associates and interests from Government bonds.

**31. EARNING PER SHARE****From 18/3/2008****to 31/12/2008****VND**

Earnings for the purposes of basic earnings per share	49,866,337,757
Weighted average number of ordinary shares for the purposes of basic earnings shares	500,000,000
Earnings per share	100

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***These Notes are an integral part and should be read in conjunction with the accompanying financial statements***32. RELATED PARTY TRANSACTIONS AND BALANCES**

During the course of business, the Corporation has had deposits, loans and other transactions with related parties (mostly with PetroVietnam and its subsidiaries and associates).

The Corporation's major transactions with its related parties are as follows:

	<b>From 18/3/2008 to 31/12/2008</b>
	<b>VND</b>
Interest payable to related parties during the period	864,006,274,717
Interest receivables to related parties during the period	202,870,842,176
Remmuneration of Board of Directors	3,050,630,395
Remmuneration of Board of Management	1,347,997,639
Remmuneration of Supervisory Board	623,266,930

Balances with related parties were as follows:

	<b>31/12/2008</b>	<b>18/3/2008</b>
	<b>VND</b>	<b>VND</b>
Balances with related economic organizations	-	1,735,500,000,000
Loans to related parties	5,649,779,423,739	2,175,902,876,797
Entrusted investment	577,689,822,189	130,100,000,000
Borrowings and entrusted investment	14,343,902,684,762	10,664,264,791,900

**33. EVENTS AFTER THE BALANCE SHEET DATE**

As at 2 March 2009, the Corporation entered into a contract (relating to Hanoi Petrovietnam Financial Centre Project) under which land use rights and associated premises in 22 Ngo Quyen - Hoan Kiem District - Hanoi with an area of 1,405 m<sup>2</sup> for 20 years from 6 August 2003 are to be transferred to the Corporation. The Corporation shall have to pay rental expense to state authorities after completion of transfer procedures under prevailing regulations.

At the date of this report, Vietnam Stock market has been in the recession stage, HoSE index as at 6 March 2009 decreased to 245.7 points compared to 315.62 points as at 31 December 2008; HaSTC index as at 6 March 2009 also fell to 84.59 points compared to 105.12 points as at 31 December 2008. Accordingly, market prices of trading investment and investments using risk entrusted funds would go down.

**34. COMPARATIVE FIGURES**

This is the first accounting period of the Corporation in the form of a joint stock company. However, for readers' supplementary information, the Corporation used the comparative figures transferred from Petrovietnam Finance Company (state-owned company) to the Corporation (joint stock company) as at 17 March 2008 in accordance with Minutes of assets and capital transfer dated 6 June 2008 and the financial statements for enterprise transfer purpose as at 17 March 2008 prepared by the Corporation on 4 July 2008.